

TARIFF D.P.U.C No. 1  
CELLULAR MOBILE TELEPHONE SERVICE TARIFF

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## Section 15 (Continued)

hookswitch.

(5) Toll Restriction

No outgoing toll and/or long distance calls can be completed.

(6) Incoming Only

No outgoing calls can be completed.

(7) Outgoing Only

No incoming calls will be accepted.

(8) Speed Calling

Allows selection of up to eight numbers for completing calls to specified destination using shortened code numbers.

(9) Detailed Billing

A supplement to the printed monthly summary bill providing a detailed printed record of usage and toll charges or toll charges only for each cellular number will be available.

- b. The monthly rates for optional services shall be as follows:

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
(1) Call Forwarding, Each Access No.	\$0	\$5
(2) No Answer Transfer, Each Access No.	\$0	\$5

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	<u>Minimum Amount</u>	<u>Maximum Amount</u>
(3) Three-Way Calling, Each Access No.	\$0	\$5
(4) Call Waiting, Each Access No.	\$0	\$5
(5) Toll Restriction, Each Access No.	\$0	\$5
(6) Incoming Only, Each Access No.	\$0	\$5
(7) Outgoing Only, Each Access No.	\$0	\$5
(8) Speed Calling, Each Access No.	\$0	\$5
(9) Detailed Billing, Each Access No.	\$0	\$5

15.6 Non-Recurring and Miscellaneous Chargesa. Service Establishment

Service establishment rates apply to work associated with receiving, recording and processing information necessary to execute a subscriber's request for initial establishment of service.

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## Section 15 (Continued)

The rates for non-recurring service establishment per number block of access numbers are:

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Initial 50 number block	\$5	\$50
Each addition 25 number block	\$5	\$25

b. Service Activation

To add, restore or change an access number, or to add, modify or delete services, the rate per change is:

<u>Minimum Amount</u>	<u>Maximum Amount</u>
\$5	\$40

This charge is not applicable when an optional feature is activated at the same time as the access number to which it applies.

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EFFECTIVE WHOLESALE PRICE LIST

1. Security Deposit (Per Number): two and one half months times the estimated monthly charges for access numbers, usage, local exchange service (if any), toll and optional features

2. Service Establishment Charge

- |                     |         |
|---------------------|---------|
| a. 50 number block: | \$30.00 |
| b. 25 number block: | \$25.00 |

3. Service Activation Charge

To add, restore or change an Access Number, or to add or modify optional features\* per Access Number affected: \$20.00

\* Not applicable when an optional feature is activated at the same time as the Access Number to which it applies.

4. Access and Usage Charges

(a) <u>Monthly Access Charges</u> (Per Number)	\$ Rate Per Month/Number
--	--------------------------

Amount

- |  |         |
|--|---------|
| (1) For each cellular number up to 500 numbers (minimum initial order of 50, and subsequent orders in blocks of 25 numbers). | \$20.00 |
| (2) For each cellular number from 501 to 2,000 numbers (in blocks of 25 numbers).  | \$20.00 |

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	\$ Rate Per Month/Number
	<u>Amount</u>
(3) For each cellular number from 2,001 to 5,000 numbers (in blocks of 25 numbers).	\$20.00
(4) For each cellular number from 5,001 to 10,000 numbers (in blocks of 25 numbers).	\$20.00
(5) For each cellular number from 10,001 to 20,000 numbers (in blocks of 25 numbers).	\$20.00
(6) For each cellular number over 20,000 numbers (in blocks of 25 numbers).	\$20.00
(b) <u>Cellular Usage Charges to Cellular Wholesale Subscriber (Per Minute)</u>	
	<u>\$ Rate Per Minute</u>
(1) Peak Period	
(a) For usage up to and including 100,000 peak minutes per month.	\$ .30
(b) For usage from 100,001 to 250,000 peak minutes per month.	\$ .30
(c) For usage from 250,001 to 500,000 peak minutes per month.	\$ .30
(d) For usage from 500,001 to 1,000,000 peak minutes per month.	\$ .30

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	<u>\$ Rate Per Minute</u>
(e) For usage from 1,000,001 to 2,000,000 peak minutes per month.	\$ .30
(f) For usage from 2,000,001 to 4,000,000 peak minutes per month.	\$ .30
(g) For usage over 4,000,000 peak minutes per month.	\$ .30
(2) Off Peak Period	
(a) For usage up to and including 25,000 off-peak minutes per month.	\$ .18
(b) For usage from 25,001 to 62,500 off-peak minutes per month.	\$ .18
(c) For usage from 62,501 to 125,000 off-peak minutes per month.	\$ .18
(d) For usage from 125,001 to 250,000 off-peak minutes per month.	\$ .18
(e) For usage from 250,001 to 500,000 off-peak minutes per month.	\$ .18
(f) For usage from 500,001 to 1,000,000 off-peak minutes per month.	\$ .18

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**5. Volume and Length of Contract Discount**

<u>Quantity of Cellular Numbers Activated</u>		<u>Discount (Applied to Total Cellular Number and Usage Charges)</u>	
		<u>Period</u>	
		<u>0-12 Months</u>	<u>13-24 Months</u>
<u>Band</u>			
A	Up to 50	0%	0%
B	51 - 350	2.0%	3.5%
C	351 - 1,000	2.5%	4.0%
D	1,001 - 2,500	3.0%	4.5%
E	2,501 - 5,000	3.5%	5.0%
F	5,001 - 10,000	4.0%	5.5%
G	10,001 - 20,000	4.5%	6.0%
H	Over 20,000	5.0%	6.5%

**6. Length of Service Discounts (Applicable to Access and Usage Charges):**

<u>0-12 Months</u>	<u>13-24 Months</u>	<u>25-36 Months</u>
0%	0%	0%
<u>37-48 Months</u>	<u>49-60 Months</u>	<u>61-72 Months</u>
0%	0%	0%

**7. Optional Services (Per Service):** (\$1.00)

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<p>1 A. (Mizeski) Obviously, yes.</p> <p>2 MR. ROSARIO: That's all I</p> <p>3 have.</p> <p>4 THE CHAIRMAN: Thank you, Mr.</p> <p>5 Rosario. Mr. Ryan any redirect.</p> <p>6 MR. RYAN: No redirect.</p> <p>7 THE CHAIRMAN: Then next is</p> <p>8 Mr. Escobar. Before he comes forward, let's</p> <p>9 take a break till 11:00 o'clock and come</p> <p>10 back.</p> <p>11 (Whereupon, the witness was</p> <p>12 excused and a recess was taken from 10:55</p> <p>13 o'clock a.m. until 11:10 o'clock a.m.)</p> <p>14 THE CHAIRMAN: Back on the</p> <p>15 record.</p> <p>16 Mr. Escobar, if you'll stand,</p> <p>17 I'll swear you in, please.</p> <p>18 Raise your right hand.</p> <p>19</p> <p>20 LUIS ESCOBAR,</p> <p>21 called as a witness, being first</p> <p>22 duly sworn by the Chairman, was</p> <p>23 examined, and testified on his oath</p> <p>24 as follows:</p> <p>25</p>	<p>1 THE CHAIRMAN: Mr. Ryan.</p> <p>2</p> <p>3 EXAMINATION</p> <p>4 BY MR. RYAN:</p> <p>5 Q. (Ryan) Mr. Escobar, would you tell</p> <p>6 the Commissioner what positions you hold with</p> <p>7 the various intervening parties in this</p> <p>8 proceeding?</p> <p>9 A. (Escobar) I am the president for</p> <p>10 Escotel Cellular, Escotel -- EscopCN</p> <p>11 Telecommunications and The Phone Extension.</p> <p>12 Q. (Ryan) And how long have you been</p> <p>13 in the reselling business?</p> <p>14 A. (Escobar) I've been in the</p> <p>15 reselling business since 1985 for cellular.</p> <p>16 Q. (Ryan) And before that, did you</p> <p>17 hold other positions in the</p> <p>18 telecommunications business?</p> <p>19 A. (Escobar) Yes. I worked for MCI,</p> <p>20 ITT Long-Distance Telephone Service, and I</p> <p>21 was also agent and reseller for ITT</p> <p>22 Long-Distance Telephone Service and other</p> <p>23 long-distance telephone companies.</p> <p>24 Q. (Ryan) I have prefile testimony</p> <p>25 dated May 5th, 1994, that you filed in this</p>

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<p>1 docket, and I believe you indicated to me off</p> <p>2 the record that there was one change that you</p> <p>3 wanted to make or bring to the Commission's</p> <p>4 attention on page 2.</p> <p>5 A. (Escobar) Oh, yes. In Page 2,</p> <p>6 there is a typographical error. It should</p> <p>7 say "kill," not "fill."</p> <p>8 Q. (Ryan) Nine lines down in the first</p> <p>9 paragraph section entitled, "Cross</p> <p>10 Subsidization"?</p> <p>11 A. (Escobar) Yes.</p> <p>12 Q. (Ryan) Would you care to comment on</p> <p>13 the -- since we're on the issue of cross</p> <p>14 subsidization, would you care to comment how</p> <p>15 you as a reseller feel about this issue?</p> <p>16 A. (Escobar) For resellers, we are in</p> <p>17 very difficult situation to be able to</p> <p>18 compete when the carriers arm SNET area, Linx</p> <p>19 and Metro Mobile, Bell Atlantic, the retail</p> <p>20 arm, especially when Linx has been more</p> <p>21 difficult than any other carrier. They have</p> <p>22 preferred treatment, they have previous</p> <p>23 notice of every new cell site or any new</p> <p>24 project or new rates, and the reseller cannot</p> <p>25 compete this way because he realize those</p>	<p>1 programs are in place.</p> <p>2 Q. (Ryan) Well, specifically on the</p> <p>3 issue of the cross subsidization, which is,</p> <p>4 according to your testimony, the financial or</p> <p>5 other assistance that the parent corporation</p> <p>6 gives to its subsidiary, what problems does</p> <p>7 that present to you as a reseller?</p> <p>8 A. (Escobar) I want you to repeat the</p> <p>9 question again, Tom.</p> <p>10 Q. (Ryan) Okay. The cross</p> <p>11 subsidization issue is the issue of the</p> <p>12 parent corporation giving financial or other</p> <p>13 assistance to its subsidiary, in this case,</p> <p>14 SNET Mobility, which is the retail arm. How</p> <p>15 does that affect you as a reseller?</p> <p>16 A. (Escobar) Well, that affected the</p> <p>17 reseller very great because the reseller</p> <p>18 normally don't have the deep pockets like</p> <p>19 Mark Bluemling states to me, you want to be</p> <p>20 in this business, you have to have deep</p> <p>21 pockets, and obviously SNET had deep pockets</p> <p>22 and are able to supply all cash to Linx they</p> <p>23 need.</p> <p>24 Q. (Ryan) Referring to your prefile</p> <p>25 testimony, you state that the offices for</p>

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1 cannot support or finance the hardware like  
2 the way Linx or SNET do. And if they can  
3 do, they are able to sell the hardware at  
4 actually below cost, by either direct or indirect  
5 either direct or indirect by either direct or indirect  
6 paying high commissions to the agents and  
7 agents. And these dealers are able to pass on  
8 reduce the equipment cost to acquire the  
9 subscriber.

10 Q. (Ryan) When you say, "below cost,"  
11 what do you mean by below cost?

12 A. (Escobar) Well, the manufacture  
13 telephone is a 200 dollar, we'll sell maybe  
14 for 179 or in some instances, some dealers  
15 they sell it for as little as one penny, I  
16 believe, so these practices are encouraged by  
17 the carriers, and they affect the consumer  
18 and they affect the reseller and finally the  
19 consumer is the one being penalized because  
20 lot of those consumers who buy very cheap  
21 telephones or low-price telephones eventually  
22 cannot pay the telephone bills and then they  
23 get in financial straits and pay more what it  
24 should be expended.

25 Q. (Ryan) As a private reseller,

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1 individual reseller, do you feel that you can  
2 participate in those type of programs?

3 A. (Escobar) Well, in very particular  
4 cases, I can sell one telephone, a piece of  
5 equipment, but my cost, I feel as reseller  
6 can do that because the capital involved is  
7 tremendous and most of the resellers who try  
8 that approach had been going out of business.

9 Q. (Ryan) Let me touch on the area of  
10 denial of equal access that is in your  
11 profile testimony. I believe Mr. Mizeski  
12 testified that your Bell Atlantic customers  
13 are able to use other long-distance carriers  
14 other than SNET America?

15 A. (Escobar) Well, Bell Atlantic we  
16 can choose our own carrier. When SNET  
17 Cellular not -- when SNET Cellular or  
18 Springfield they choose to have only one  
19 carrier, on either carrier they sign.

20 Not too long ago they switched to a  
21 long-distance telephone service of their own  
22 division. We as a reseller have the  
23 opportunity to be able to deal with all carriers  
24 for lower rates for long-distance telephone  
25 service, but SNET prohibit that to us we no

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1 able to do.

2 We also, if we provide this service  
3 to the consumer, will be able to give better  
4 rates than the rates we pay to SNET right  
5 now.

6 Q. (Ryan) How are you able to do that?

7 A. (Escobar) Well, most long-distance  
8 telephone carriers provide services in bulk  
9 also and Bell has in six-second increment.  
10 We could perfectly charge the consumers in  
11 six-second increment also and pass those  
12 discounts to the consumers, too.

13 Q. (Ryan) Some of your opening  
14 statements, you touched on the issue of  
15 preferential treatment for the carrier  
16 in-house retail companies or divisions.  
17 Would you like to elaborate on that at all?

18 A. (Escobar) Well, yes, like in SNET  
19 Cellular, Linx have more preferable treatment  
20 than any other seller. They have their own  
21 billing system, who share with SNET Cellular  
22 and SNET Mobility and SNET Linx. They are  
23 able to activate and deactivate numbers  
24 quickly and faster and our -- with the  
25 resellers we cannot do that.

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1 Q. (Ryan) Have there been instances  
2 when the SNET Mobility retail offices have  
3 been able to activate numbers over the  
4 weekends and you were not made aware of that?

5 A. (Escobar) Several incidents have  
6 been happened where the Linx people are  
7 opened Saturday and activating number and the  
8 reseller was not notified we could do that  
9 Saturday.

10 Q. (Ryan) When I say activated I also  
11 include change numbers.

12 A. (Escobar) Change and activated.

13 Q. (Ryan) And deactivated, yes.

14 Are there some promotional programs  
15 that are offered by SNET Mobility that are  
16 not available to you?

17 A. (Escobar) Yes. We talking more  
18 specific, probably like American Airlines  
19 mileage. In particular, when I heard the  
20 person in that program call American Airlines  
21 and American Airlines say, well, we only deal  
22 with the carrier. I bring the attention to  
23 American Airlines the Linx is not the  
24 carrier, he is the reseller and the American  
25 Airlines person mentioned, well, that's what

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1 Q. (Ryan) And what time does that  
2 start to run?  
3 A. (Escobar) It's supposed to be 30  
4 days after.  
5 Q. (Ryan) After what, the bill is  
6 presented or the call is made?  
7 A. (Escobar) The bills are presented.  
8 Q. (Ryan) Is it your opinion that  
9 Springwisch charges interest on top of  
10 interest?  
11 A. (Escobar) Yes. Several accountants  
12 who had been look at my bills, they have  
13 confirmed we pay interests on top of  
14 interests.  
15 Q. (Ryan) Is there, to the best of  
16 your knowledge, any provisions in the tariff  
17 that allows them to do that?  
18 A. (Escobar) I don't recall ever  
19 seeing a tariff that they allowed to charge  
20 interest on top of interest.  
21 Q. (Ryan) Do you remember ever signing  
22 any agreement that would allow the  
23 calculation of interest to be done in that  
24 manner?  
25 A. (Escobar) No, I don't remember.

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1 have to be more than 30,000 dollars per  
2 month.  
3 Q. (Ryan) You state in your -- the  
4 beginning of your prefiled testimony that at  
5 least two of your companies have had  
6 financial difficulties recently. Do you care  
7 to comment on that?  
8 A. (Escobar) Well, I know --  
9 MR. TYRRELL: Objection, your  
10 Honor. I think if we're getting into  
11 proceedings in other courts, I think it's  
12 somewhat beyond the scope of this docket.  
13 THE CHAIRMAN: Wait a minute,  
14 Mr. Tyrrell, you're the one that brought up  
15 the bankruptcy.  
16 MR. TYRRELL: I didn't file  
17 it. I believe it was in his direct  
18 testimony.  
19 THE CHAIRMAN: No, you brought  
20 it up first when Mr. Ryan appeared and you  
21 questioned about the bankruptcy.  
22 MR. TYRRELL: Yes, early  
23 today.  
24 THE CHAIRMAN: It's overruled.  
25 MR. TYRRELL: Okay.

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1 Q. (Ryan) Just to clarify some  
2 testimony that Mr. Mizeski gave, he was  
3 basically talking in terms of receiving  
4 credit for dropped calls or overlapped calls.  
5 You have received credit for fraud calls?  
6 A. (Escobar) I received some credits  
7 for some fraud calls, yes.  
8 Q. (Ryan) And these are calls that are  
9 made or appear on your magnetic tapes as if  
10 they were made by one of your customers, but  
11 were apparently made by cloning an ES number  
12 and a mobile telephone number?  
13 A. (Escobar) Yes. The problem we have  
14 with that is that never credit to us or has  
15 not been credit to me, the calls for my  
16 current or past billing. They choose to have  
17 only credit that to my own previous account,  
18 and up to today, I never see a policy for  
19 fraud calls. They had promised me that  
20 policy for the last two years and so far  
21 never come with that policy.  
22 Q. (Ryan) Have some of the -- excuse  
23 me, some of the fraud calls been as high as  
24 30,000 dollars in a month?  
25 A. (Escobar) Yes, in some instances.

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1 A. (Escobar) I have to make a very  
2 difficult decision not too long ago about  
3 file bankruptcy for two of my companies  
4 because actually I was forced by Southern New  
5 England Telephone Company, not because I want  
6 to. The small business, if enough or I can  
7 make enough money to survive, either with 7  
8 or 300 employees I can be in business, make  
9 revenue.  
10 They, by overcharging me for  
11 telephone calls, dropped calls or credits I  
12 give to my customers, improperly billing,  
13 they charge me very high interest rate to  
14 about 120,000 dollar per year. They force me  
15 to take this measure, something I never  
16 wanted, and SNER had been taking the position  
17 now they want to put me totally out of  
18 business by using this bankruptcy court.  
19 Probably SNER is more upset with me  
20 because I'm the one that been talking more  
21 about problems we have, how the consumer been  
22 overpaying for services all -- I talking  
23 about all the consumers of Connecticut who  
24 this is my concern. Every time when I bring  
25 some of these issues to Southern New England

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1 now. That way they can continue have the  
2 monopoly in the wireless industry. They are  
3 going to lose land-line telephone customers  
4 and they are afraid to that, that other  
5 customers come to this area, because they  
6 want to continue the monopoly. SNET has been  
7 demonstrate by creating a small divisions,  
8 not regulate companies, they can get away  
9 with anything and that's my concern. I no  
10 think we should allow to SNET or the  
11 Commission allow anymore SNET to have  
12 unregulate division this way, they can get  
13 away and continue to have monopoly.

14 I surprise also last year SNET  
15 applied for 158 million dollars rate increase  
16 for the land-line area and are expected to  
17 get between 30 and 40 million dollars. They  
18 never told the public utilities how much  
19 money they lost in the paging business and  
20 one of the financial statements for Southern  
21 New England corporation they show about 20  
22 million dollars losses in paging alone, and  
23 they never told the public utilities how much  
24 they been subsidizing the cellular telephone  
25 business. And I no think it's fair to the

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1 long-line consumers paying for bills the  
2 cellular network, and I'm concerned now with  
3 the new announcement is SNET invest 4.5  
4 billion dollar in new network. Who is really  
5 going to pay for that? I think it's the  
6 consumer is going to pay for that, not SNET,  
7 because they do have the money a year ago.  
8 This was asking for 158 million dollars.

9 Also, I like to recommend the  
10 Commissioner to regulate also the retail arm  
11 from the cellular carriers. I believe they  
12 can eliminate a lot of unfair practices this  
13 way. I believe most of the resellers that  
14 want to be serious in this business, they  
15 should be regulated too, and this protect the  
16 consumer and protect the fair competition.

17 Right now SNET Linx offers rate  
18 plan for 14.95 and 75 cents a minute, but  
19 they been target the general consumer now,  
20 but they never tell the general consumer  
21 hey, is 75 cents a minute per telephone call.  
22 These people only find after they make the  
23 first or second telephone bill that they been  
24 paid too much for that telephone service.

25 I believe that's the kind of

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1 misrepresentation for the general consumer.  
2 It's only 200,000 customers right now in  
3 Connecticut. I believe so about maybe 25 to  
4 50,000 subscribers, they have the telephones  
5 in the closet or they never use it because  
6 they cost for the telephone service or they  
7 use the phone one time and costs too much  
8 money because then it was totally informal.  
9 They were attracted by lower rate plan.

10 It's very interesting to see that  
11 Mr. Blumling say there are 14 resellers  
12 today and he encourage the resellers, but he  
13 never say all these resellers, they have  
14 difficult time to grow. If we look the  
15 response they give to us, I believe it's  
16 in -- excuse me.

17 (Pause.)

18 A. (Escobar) It's an answer to  
19 question TE-05, if anybody look that chart  
20 right there, in 1987, we have seven  
21 resellers, and from that point on you keep  
22 looking across the line, not any of the  
23 resellers really can grow.

24 The only reseller who grow  
25 substantial in customer base was in 1991, is

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1 the reseller who acquired three oil companies  
2 who decide to get out of the business because  
3 they cannot make money in this state. The  
4 other resellers, they stayed almost the same  
5 or going backwards.

6 Today we have 14 resellers, in  
7 1987, we have seven resellers, and the  
8 resellers, we only have very little market  
9 share at this point versus in 1987 our market  
10 share was higher.

11 That indicate to me that I not the  
12 only one that have the problem. All the  
13 resellers, we have a problem. Either the  
14 large reseller, not too long ago they owe  
15 millions of dollars to Southern New England  
16 Telephone Company and SNET put down more than  
17 50 percent of that. But I guess was by  
18 signing confidentiality agreement and no  
19 disclosure and they cannot bring the issues  
20 right here. We need to discuss how to  
21 continue this investigation.

22 I have refused to sign the  
23 confidentiality agreement, that's why SNET  
24 punished me. My intention is not to ever  
25 sign as long as I know the consumer is being

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1 THE CHAIRMAN: Yes. For my  
2 information, do you think we can address the  
3 issues of the documentation in an open  
4 session or would a discussion of the  
5 documentation, per se, necessitate a closed  
6 session? Because I'd like to do the  
7 discussion of scheduling open.  
8 MR. KNICKERBOCKER: It could  
9 be open, most likely.  
10 MS. SPENCER: Without  
11 reference to numbers.  
12 THE CHAIRMAN: As long as we  
13 stay away from the exact numbers.  
14 MS. KIDDOO: We can discuss  
15 what the procedures are for having developed  
16 the numbers and what Mr. Brennan did or did  
17 not have in his files or did or did not do  
18 without talking about the numbers.  
19 THE CHAIRMAN: Okay. I just  
20 want to know when we'll go closed and I'd  
21 like to keep that discussion open.  
22 MR. RYAN: I'd like to address  
23 Mr. Tyrrell's objection to my participating  
24 in this morning's activity. During the  
25 break, I phoned Attorney Ressler, who is, as

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1 I indicated, handling the bankruptcy matter  
2 for us, and he was not sure whether the  
3 official affidavit form had been filed with  
4 the court; however, he did point out that  
5 there is no prohibition about representing a  
6 client in court or in this type of  
7 proceeding. The question is whether or not  
8 the bankruptcy court would approve of my fee,  
9 and that happens to be bad news for me.  
10 THE CHAIRMAN: So essentially  
11 you are here at your risk.  
12 MR. RYAN: What I'd also like  
13 to point out, Commissioner, while I was  
14 talking with Mr. Ressler, he happened to be  
15 on the phone with Attorney William Fish of  
16 Tyler, Cooper, handling the bankruptcy for  
17 Springwich who informed Mr. Ressler that he  
18 informed Mr. Tyrrell the very same rule  
19 yesterday during a telephone conversation, so  
20 why Mr. Tyrrell proceeded with his motion and  
21 objection to my representation today, I'll  
22 leave to the Commissioner's evaluation.  
23 THE CHAIRMAN: Thank you, Mr.  
24 Ryan. Any other administrative items before  
25 we start the cross? Okay, then we'll start

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1 in order. Staff has nothing, I understand.  
2 MR. PESCOLI: That's  
3 correct.  
4 THE CHAIRMAN: Mr. Tyrrell.  
5 MR. TYRRELL: Yes, sir.  
6  
7 EXAMINATION  
8 BY MR. TYRRELL:  
9 Q. (Tyrrell) Mr. Escobar, I believe in  
10 your direct testimony, you testified that you  
11 had some discussions with a Charlie  
12 Dammling; do you recall that?  
13 A. (Escobar) Yes.  
14 Q. (Tyrrell) And I believe you  
15 testified that it was with regard to you  
16 becoming a new reseller for Springwich; is  
17 that correct?  
18 A. (Escobar) For SNET Cellular.  
19 Q. (Tyrrell) Okay. And would the year  
20 1990 be approximately correct?  
21 A. (Escobar) I can say in 1989.  
22 Q. (Tyrrell) And is it also true that  
23 Mr. Dammling became associated with Linx or  
24 SNET Mobility in 1994?  
25 A. (Escobar) I don't know when he

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1 start, but I know he been when Linx start.  
2 Q. (Tyrrell) In 1994?  
3 A. (Escobar) I don't know when he  
4 start.  
5 Q. (Tyrrell) And in the interim, he  
6 was with SNET Paging?  
7 A. (Escobar) He was in some capacity  
8 with SNET Paging, yes.  
9 Q. (Tyrrell) I believe you testified  
10 also in your direct that Linx sells one of  
11 its service plans for 14.95?  
12 A. (Escobar) Yes.  
13 Q. (Tyrrell) And that, if I recall  
14 your testimony correctly, didn't tell the  
15 public about the per-minute charge of 75  
16 cents a minute?  
17 A. (Escobar) I no say they don't tell  
18 the public they charge 75 cents, that going  
19 to be more critical to the consumer who they  
20 don't know nothing about cellular.  
21 Q. (Tyrrell) Okay. Then I'm confused.  
22 Was it your testimony or is it your testimony  
23 now that they told or didn't tell the public  
24 about the 75 cents a minute charge?  
25 A. (Escobar) What I try to say is,

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1 again this year you are raising the same  
2 issue; is that correct?

3 A. (Escobar) That's correct, yes.

4 Q. (Tyrrell) Thank you.

5 I believe there was some testimony  
6 earlier —

7 A. (Escobar) Before you continue with  
8 the next question.

9 Q. (Tyrrell) I'm sorry.

10 A. (Escobar) I want to expand my  
11 response to this letter. This letter,  
12 obviously Mr. Leonhardt, he is not familiar  
13 with billing systems, and then this way he  
14 make that opinion, would be cost prohibitive  
15 to the telephone company. I could say maybe  
16 that is one sentence, a reason or excuse in  
17 the land-line telephone service, but so in  
18 the cellular telephone service, because in  
19 the cellular telephone service, many factors  
20 affect that one-minute billing, and my  
21 complaints and my contention is when you drop  
22 a call, okay, why you going to bill the  
23 consumer for two minutes the telephone call.  
24 That's not right.

25 Also, when you file tariff back in

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1 pending.

2 A. (Escobar) Yes, I am in bankruptcy  
3 court —

4 THE CHAIRMAN: Mr. Escobar,  
5 there is no question pending.

6 THE WITNESS (Escobar): Thank  
7 you.

8 BY MR. TYRRELL:

9 Q. (Tyrrell) Mr. Escobar, do you  
10 recall earlier this morning when Mr. Mizeski  
11 was sitting where you are, we had a  
12 discussion about letters that went back and  
13 forth between — or I should say from Mr.  
14 Paquette to you with regard to some billing  
15 questions. I guess you had submitted to him.  
16 Do you recall that general testimony?

17 A. (Escobar) Yes.

18 Q. (Tyrrell) Okay. I'd like to show  
19 you, if I may, a copy of the two letters, one  
20 dated January 22nd, 1995, to you from Art  
21 Paquette.

22 THE CHAIRMAN: Mr. Tyrrell,  
23 would you correct that date. We aren't there  
24 yet.

25 MR. TYRRELL: I'm sorry, it

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1 1995, you would hold the public utilities how  
2 cellular, land-line, and there was, you  
3 know, the Department of Public  
4 Utilities, they were looking about that issue.  
5 They were looking at how to bill in  
6 one minute, but they don't know  
7 how cellular telephone work. Now this is the  
8 time to review that.

9 Q. (Tyrrell) Thank you for your  
10 critique.

11 I believe there was some testimony  
12 earlier that there was a bankruptcy matter  
13 involving your companies, and also a suit in  
14 state court; do you recall that testimony?

15 A. (Escobar) Yes.

16 Q. (Tyrrell) And is it true that you  
17 are also personally named as a defendant in  
18 the state court matter?

19 A. (Escobar) I think so, yes.

20 Q. (Tyrrell) Thank you.

21 A. (Escobar) You want me to clarify  
22 that question, too?

23 Q. (Tyrrell) No, thank you.

24 A. (Escobar) I'd like to —

25 Q. (Tyrrell) There's no question

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1 was — the Xerox was such that it looked like  
2 a 5, 1993. Correct, Commissioner. And also  
3 another letter from Mr. Paquette to you dated  
4 May 24th, 1995 —

5 MR. KNAG: Ninety-three.

6 MR. TYRRELL: Ninety-three.

7 I'm sorry. Does anybody need copies?

8 BY MR. TYRRELL:

9 Q. (Tyrrell) Do you recall receiving  
10 those letters, Mr. Escobar?

11 A. (Escobar) I will say yes, this is  
12 the letter, if I can read the letter all over  
13 again.

14 Q. (Tyrrell) Certainly.

15 A. (Escobar) It looks like, okay, but  
16 I don't know if that exactly letter.

17 Q. (Tyrrell) I'm sorry, sir?

18 A. (Escobar) I don't know if this is  
19 the exact same letter, but, you know, I need  
20 to read it.

21 Q. (Tyrrell) Please take your time, I  
22 need you to be sure.

23 (Pause.)

24 A. (Escobar) Okay, looks like the  
25 letters.

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1 note?  
 2 A. (Escobar) I probably was -- was  
 3 10 percent.  
 4 Q. (Knag) How much interest did you  
 5 pay on that note?  
 6 A. (Escobar) In that note, the  
 7 interest was something about 10 percent, I  
 8 believe so.  
 9 Q. (Knag) And how much dollars did you  
 10 pay in interest, do you know?  
 11 A. (Escobar) Well, I -- I don't what  
 12 to figure out, I know my accountants able to  
 13 figure out what interest. Apparently we pay  
 14 SNET over 6,000 dollars in interests.  
 15 Q. (Knag) Did you have any discussions  
 16 with anyone at SNET at the time that you  
 17 entered into that agreement?  
 18 A. (Escobar) Yes.  
 19 Q. (Knag) And were you promised  
 20 certain things at that time?  
 21 A. (Escobar) Yes, I was promised  
 22 things about that time.  
 23 Q. (Knag) What were you promised?  
 24 A. (Escobar) I was promised advertise  
 25 money for each company, The Phone Extension

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1 have no choice to sign those agreements,  
 2 otherwise my customer be immediate  
 3 disconnect.  
 4 Q. (Knag) They told you that they  
 5 would disconnect your customer unless you  
 6 sign the agreement?  
 7 A. (Escobar) Yes, if you don't agree  
 8 with these terms, the monthly payment, the  
 9 weekly payments, that we will disconnect the  
 10 customers.  
 11 Q. (Knag) Did you have discussions  
 12 about compromising the amount of the debt?  
 13 A. (Escobar) Yes.  
 14 Q. (Knag) And did you speak with  
 15 Mr. -- did you speak with a person at SNET  
 16 about compromising the debt?  
 17 A. (Escobar) Yes.  
 18 Q. (Knag) Who did you speak to?  
 19 A. (Escobar) Mark Bluemling, Peter  
 20 Tyrrell, Donna Tomayo, Charlie Dammling,  
 21 Eddie land-line, almost everybody.  
 22 Q. (Knag) At any point in time in  
 23 those discussions, was a settlement of the  
 24 claim tied in any way to your actions in  
 25 making complaints to the DPUC?

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1 and Escobar Cellular.  
 2 Q. (Knag) How much?  
 3 A. (Escobar) By that time the  
 4 promotional was 50,000 dollars per year per the  
 5 company.  
 6 Q. (Knag) So 100,000 dollars per year  
 7 per company?  
 8 A. (Escobar) No, 50,000.  
 9 Q. (Knag) I mean 100,000 dollars per  
 10 year total?  
 11 A. (Escobar) Total, yes.  
 12 Q. (Knag) Did you get that advertising  
 13 money?  
 14 A. (Escobar) I only had one for one  
 15 company one time only.  
 16 Q. (Knag) Did they tell you that that  
 17 made it -- that was going to make it easy for  
 18 you to pay off the 500,000 dollars?  
 19 A. (Escobar) That's correct, yes.  
 20 Q. (Knag) And did you enter into any  
 21 other agreements with SNET besides that  
 22 agreement, concerning your credit and your  
 23 debt?  
 24 A. (Escobar) Well, in several cases  
 25 SNET put a lot of pressure on me and I don't

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1 A. (Escobar) In some instance, there  
 2 was looking to me to sign the -- to settle if  
 3 I sign no disclosure, nothing that they are  
 4 doing wrong.  
 5 Q. (Knag) You had to agree that they  
 6 were not doing anything wrong?  
 7 A. (Escobar) That's correct.  
 8 Q. (Knag) And were you willing to  
 9 agree that they were not doing anything  
 10 wrong?  
 11 A. (Escobar) No.  
 12 Q. (Knag) Did Mr. Bluemling say  
 13 anything to you about the damage was done?  
 14 A. (Escobar) Yeah, he mentioned over  
 15 the phone if I complain to the public  
 16 utility, the damage is done.  
 17 Q. (Knag) And what did you understand  
 18 him to mean by that?  
 19 A. (Escobar) They are going to fight  
 20 me all the way.  
 21 Q. (Knag) So, if you didn't -- if you  
 22 wanted to sell, you better not complain?  
 23 A. (Escobar) That's correct.  
 24 Q. (Knag) Is that what you understood  
 25 him to mean?

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1 dollars per month. Then she came with the  
2 excuse, well, I'm not the one to inquire, it  
3 was Bell Atlantic that was to inquire, why  
4 sell it for 28 dollars per month.

5 Q. (Knag) And did you consider that  
6 anticompetitive conduct on their part?

7 A. (Escobar) Yes, I feel that because  
8 if I have a customer right now at 37 dollars  
9 per month, they call the customer and offer  
10 as little as 14.95 and 36 cents a minute or  
11 37 cents a minute.

12 Q. (Knag) Do you know whether --  
13 withdrawn.

14 So, at a certain point in time  
15 recently you were forced into a bankruptcy  
16 filing; is that correct?

17 A. (Escobar) Yes.

18 Q. (Knag) And after you filed the  
19 bankruptcy, did SNET become actively involved  
20 in the bankruptcy?

21 A. (Escobar) Yes.

22 Q. (Knag) And did they attempt, and  
23 are they attempting at the present time to  
24 shut you down by denying you what is called  
25 cash collateral, which is the money in your

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1 drawer?

2 A. (Escobar) That's correct. They  
3 attempt that and many instance also before  
4 this proceeding, three days, four days before  
5 they try to ask me a lot of questions about  
6 this proceeding, and I refused to answer  
7 those questions, and they threaten me they  
8 are going to take me to bankruptcy judge to  
9 answer those questions. I want to reserve my  
10 rights for this proceeding and I'm willing to  
11 answer any questions who are not related to  
12 these proceedings.

13 Q. (Knag) So they used Rule 2004,  
14 which is a bankruptcy court rule, that allows  
15 creditors to question debtors about their  
16 affairs to try to find out information that  
17 was relevant to this proceeding?

18 A. (Escobar) That is correct, yes.

19 Q. (Knag) And they did that on the  
20 days immediately preceding the first hearing  
21 in this case?

22 A. (Escobar) That's correct, yes.

23 Q. (Knag) And, in fact, are there  
24 additional hearings that are 2004  
25 examinations scheduled for this Monday?

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1 A. (Escobar) For this coming Wednesday  
2 I think it is.

3 Q. (Knag) Wednesday. And what is  
4 happening on Wednesday?

5 A. (Escobar) Wednesday they want to  
6 link with the attorney in my company, I just  
7 learned by during the lunch, we want to  
8 introduce a new law firm to enter my  
9 antitrust case and SNET opposing to be able  
10 to enter or don't let lawyer enter  
11 appearance.

12 Q. (Knag) So you're planning to  
13 countersue them for antitrust violations?

14 A. (Escobar) That's correct, yes.

15 Q. (Knag) Under the federal and state  
16 antitrust laws; is that correct?

17 A. (Escobar) That's correct, yes.

18 Q. (Knag) Now, you talked about  
19 bundling of services and you complained about  
20 that. Do you consider that an  
21 anticompetitive practice?

22 A. (Escobar) Yes, I consider that  
23 anticompetitive practice.

24 Q. (Knag) And one of the things that  
25 the FCC wants in any state petition to

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1 continue regulation is specific allegations  
2 of fact regarding anticompetitive or  
3 discriminatory practices, you would consider  
4 that such an anticompetitive practice?

5 A. (Escobar) That's correct, yes.

6 Q. (Knag) And would you consider the  
7 billing practices you described  
8 anticompetitive?

9 A. (Escobar) Yes.

10 Q. (Knag) And would you consider the  
11 long-distance practices that you described to  
12 be anticompetitive?

13 A. (Escobar) That's correct, yes.

14 Q. (Knag) And would you consider the  
15 billing activation practices to be  
16 anticompetitive and discriminatory?

17 A. (Escobar) Discriminatory, definite,  
18 yes, anticompetitive, yes.

19 Q. (Knag) Do you consider the fact  
20 that they take information that they learn as  
21 your supplier and then use it against you as  
22 your competitor, mixing the wholesale and the  
23 retail function, to be anticompetitive?

24 A. (Escobar) You want to repeat the  
25 question again, please?

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1 A. (Escobar) Well, there are so many,  
2 I can't choose one, but I say the --  
3 structure.

4 Q. (Bryan) Okay. And why do you  
5 consider the rate structure --

6 A. (Escobar) Because the rate --

7 Q. (Bryan) -- For cellular service to  
8 be the most anticompetitive?

9 A. (Escobar) A rate structure which  
10 SNET Springwich has is only benefit SNET  
11 MobileCom, Linx, that's it.

12 Q. (Bryan) And is it the rate  
13 structure which you consider then to be the  
14 primary reason why the market share of  
15 resellers has actually decreased over time,  
16 even though the number of resellers has  
17 increased?

18 A. (Escobar) Yes, because the  
19 resellers are not able to reduce the rate to  
20 the customer. When the customer be  
21 approached by Linx for 14.95, we cannot go  
22 that low.

23 Q. (Bryan) On page 2 of your  
24 testimony, under the heading of "Cost  
25 Subsidization," you discuss advertising, and

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1 everyone exactly same size, same space and  
2 same books that Linx have and I want a quote  
3 from him. I have a quote from him.

4 Q. (Bryan) Do you remember what that  
5 quote was?

6 A. (Escobar) I don't remember right  
7 now. I no look at that for a couple of years  
8 but 100,000 dollars who nobody can afford it.

9 Q. (Bryan) Did you say 100,000?

10 A. (Escobar) More than that.

11 Q. (Bryan) More than 100,000 dollars.

12 A. (Escobar) They give me a breakdown  
13 by month. I can provide that information.

14 Q. (Bryan) Okay, if we could have that  
15 as a Late-File Exhibit?

16 A. (Escobar) Yes.

17 THE CHAIRMAN: Late-File 26  
18 then will be the Yellow Pages advertising  
19 quote.

20 BY MS. BRYAN:

21 Q. (Bryan) Do you recall -- or you can  
22 include that in the Late-File Exhibit when  
23 the quote was given?

24 A. (Escobar) Okay, I have the date.

25 Q. (Bryan) In terms of the bundling, I

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1 the fact that Linx had large Yellow Page  
2 advertisements in every SNET Yellow Page  
3 directory published in the state.

4 Was that for any particular time?

5 A. (Escobar) Well, this being happened  
6 since the inception of the cellular telephone  
7 service. Linx have a priority in the covers  
8 of the telephone books who not one of the  
9 resellers are able to acquire those spaces  
10 and additional, in one of the  
11 business-to-business directory, on the  
12 telephone companies are Linx the one only  
13 been advertise in the telephone service for  
14 cellular provider.

15 Q. (Bryan) I think you also state in  
16 your testimony that it would be quote,  
17 "virtually impossible for an independent  
18 reseller to be able to afford such  
19 advertising."

20 Do you know what the cost of one  
21 large Yellow Page advertisement would be?

22 A. (Escobar) Yes, I have some  
23 information I asked the representative from  
24 the Yellow Pages book to give me. I want to  
25 take advertisement in his telephone books and

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1 think you in your direct testimony today, you  
2 indicated that phone equipment is sometimes  
3 sold at the retail level for as little as one  
4 penny?

5 A. (Escobar) Yes, that's correct.

6 Q. (Bryan) Can you tell me what  
7 equipment that was?

8 A. (Escobar) Same equipment we sell  
9 for two or three hundred dollars.

10 Q. (Bryan) Okay. Now, you're saying  
11 that cellular phone equipment is being sold  
12 below the wholesale cost as a result of  
13 commissions and so on. What, generally,  
14 would be the wholesale cost for regular  
15 cellular phone?

16 A. (Escobar) Well, depend on the  
17 equipment. If the cheaper equipment, you can  
18 buy in the marketplace, maybe it's about 150  
19 dollars for a mobile unit, one of the older  
20 units, they may be obsolete coming out of the  
21 marketplace. Hand held phones probably are  
22 in the range of couple of hundred dollars,  
23 179 dollars, I can give you one sample,  
24 Motorola flip phone probably cost 175 bucks,  
25 that phone been sold to them for one penny.



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1 we have several problems when the customer  
2 are calling for, I need cellular telephone  
3 service and they operated so immediately they  
4 reroute customer to the Linx, not to our  
5 company. Linx, you know, provide the cellular  
6 telephone service.

7 Q. (Bryan) And that was in what year?

8 A. (Escobar) Early 1985. And continue  
9 to do it today. You try to call today, I  
10 need cellular telephone service, and 90  
11 percent of the time they reroute you and they  
12 give you the telephone number for Linx.

13 My understanding is that which  
14 telephone company -- there are several  
15 company services -- that at least a telephone  
16 company, you choose which one you want, but  
17 not one of the operator because the SNET  
18 employees assume Linx is the only company and  
19 they immediately give them the telephone  
20 number for Linx.

21 Q. (Bryan) Okay. On page four of your  
22 prefile testimony under the heading,  
23 "Preferential Treatment of In-house Retail  
24 Divisions," you discuss the administration of  
25 the switch for activating and deactivating

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1 cellular telephone numbers or change in  
2 features. I'm a little confused on what that  
3 switch is. Is there one switch for all of  
4 the resellers or just each reseller have a  
5 switch?

6 A. (Escobar) Well, the way they  
7 operate right now is we have to call SNET  
8 Cellular who I don't know if today it's SNET,  
9 Linx or SNET Mobility, I don't know today  
10 which is really the company, who really is  
11 the one providing me the service. We call  
12 them and we give it to them the extension  
13 number and mobile number to activate the  
14 number. That process happen sometimes in 20  
15 minutes, sometimes it happens in two minutes  
16 and sometimes it happens in two hours, or  
17 sometimes that no happen at all.

18 Q. What is the advantage to Linx of  
19 having the ability to activate numbers at any  
20 time including on the weekend?

21 A. (Escobar) Well, Linx have access  
22 direct to the switch and billing system and  
23 they can activate the customer at any time.  
24 The process can be done very quickly and can  
25 do it after hours or any time when they wish.

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1 Q. (Bryan) So what is the advantage of  
2 that?

3 A. (Escobar) What is the advantage for  
4 Linx? They can respond quickly to the  
5 customer. On Saturdays we cannot activate  
6 numbers, they will activate Saturday numbers  
7 or Sunday or holidays.

8 Q. (Bryan) So would it be fair to say  
9 also that Linx could potentially add new  
10 revenues by being able to hook somebody up on  
11 a Saturday instead of having to wait till  
12 Monday?

13 A. (Escobar) That's correct, yes.

14 Q. (Bryan) Okay. And you recently  
15 found this out how?

16 A. (Escobar) Well, we found it because  
17 a customer came to us and he wanted service  
18 right away on a holiday, and I could not  
19 activate him. Then he called me the next  
20 following day to cancel his order number  
21 because he said, "You lied to me. We could  
22 activate numbers today."

23 Q. (Bryan) And since you became aware  
24 of this practice, which your testimony  
25 characterizes as preferential and

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1 anticompetitive, have you contacted  
2 Springwichee?

3 A. (Escobar) Yes, I have been asking  
4 to them many times to give me access to  
5 activate numbers and I offer myself back  
6 three, four years ago to be a guinea pig to  
7 test the system to make available just for  
8 one reseller who is not being working out, be  
9 user to the full potential.

10 Q. (Bryan) And so you still don't have  
11 the ability to activate and deactivate  
12 telephone numbers on weekends?

13 A. (Escobar) That's correct. One of  
14 the reason also they give me, is you too  
15 small, you know, you don't need that.

16 Q. (Bryan) Do you know whether any  
17 other reseller besides Linx has this ability?

18 A. (Escobar) Well, I understand that  
19 all the resellers might have the ability.  
20 They give you the opportunity. I don't know  
21 why they don't execute that.

22 Q. (Bryan) Let me make sure I  
23 understood your testimony. You're saying  
24 that the other resellers besides Linx do now  
25 have the ability to activate and deactivate

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1 Q (Bryan) And is it your  
2 understanding that that manual is supposed to  
3 govern your relationship with Springwch  
4 except for any other items, tariff items?

5 A (Escobar) That's right. I have thousands -- we do business with other carriers, and there is a section for the tariff, and there is a diagram showing the structure of cellular business, how I am a totally independent division, but in real life it's not.

12 MS. BRYAN: I'd like to  
13 request that that manual be provided as a  
14 Late-Filed exhibit. It might be easier to  
15 have Springwch provide it, but if it's not  
16 too burdensome for you, Mr. Escobar, to  
17 provide it, I think that would be appropriate  
18 as well.

19 THE CHAIRMAN: This is the  
20 Springwch manual for resellers, I guess is  
21 the best way to describe it.

22 MS. BRYAN: Yes, and it's  
23 referenced in one of the correspondences.

24 THE WITNESS (Escobar): I  
25 believe it's in the title of Reseller Guide,

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1 THE CHAIRMAN: Thank you, Ms.  
2 Bryan. Mr. Rosario.

3 EXAMINATION

4 BY MR. ROSARIO:

6 Q (Rosario) A few questions for you,  
7 Mr. Escobar. I realize you've been here a  
8 long time and I don't want to repeat a lot of  
9 questions that you've been asked before.

10 You mentioned an agreement that  
11 other resellers have been asked to sign. Do  
12 you remember that?

13 A (Escobar) Yes.

14 Q (Rosario) Is that the  
15 confidentiality agreement?

16 A (Escobar) Yes. No, not  
17 confidentiality agreement. I'm talking about  
18 the agreement who they give a discount or  
19 pardon fees or take a lien in your customers.

20 Q (Rosario) Were you asked by SNET to  
21 sign a confidentiality agreement?

22 A (Escobar) For that purpose?

23 Q (Rosario) Yes.

24 A (Escobar) Yes.

25 Q (Rosario) Did you refuse to sign a

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1 I believe.

2 MS. BRYAN: And I think it is  
3 referenced in either Late-File Exhibit 24 or  
4 5.

5 THE CHAIRMAN: Okay, then  
6 Late-File 27 will be the Springwch  
7 reseller's guide.

8 MS. BRYAN: I think this is 28  
9 because 27 was the advertising quote.

10 THE CHAIRMAN: No, that's 26.

11 MS. BRYAN: I'm sorry.

12 THE CHAIRMAN: Twenty-four was  
13 the letter and Leonhardt response, 25 was the  
14 two letters, 26 is the Yellow Pages.

15 MS. BRYAN: Okay, got it.

16 Thanks.

17 BY MS. BRYAN:

18 Q (Bryan) Mr. Escobar, do you want to  
19 file that then?

20 A (Escobar) Excuse me?

21 Q (Bryan) Can you file that manual?

22 A (Escobar) Yes.

23 Q (Bryan) Okay. All right.

24 MS. BRYAN: Thank you. That  
25 completes my questions.

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1 confidentiality agreement?

2 A (Escobar) Yes.

3 Q (Rosario) Would that  
4 confidentiality agreement prohibit you from  
5 telling people about Springwch's prohibition  
6 against you switching customers to Metro  
7 Mobile, would that confidentiality agreement  
8 prevent you from talking about that?

9 A (Escobar) There is a section for  
10 that, yes.

11 Q (Rosario) Do you know if any  
12 other --

13 A (Escobar) No say specific to Metro  
14 Mobile, but other carrier.

15 Q (Rosario) Okay. To your knowledge,  
16 have any other resellers been asked to sign a  
17 confidentiality agreement?

18 A (Escobar) I believe so. Almost  
19 every reseller in Connecticut have sign the  
20 agreement. Probably the only reseller who  
21 don't sign the agreement is THE Motorola, and  
22 the major companies because they know they  
23 can fight back, but I even include, I  
24 believe, a seller who say 1993 have three  
25 customers, I think, so he have agreement

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1 But in my situation, when that agreement I  
2 have, I had customers who are not happy or  
3 are dissatisfied with SNET, then I lose that  
4 customer and they totally -- I lose that  
5 business.

6 Q. (Knickerbocker) So are you saying  
7 that you don't typically steer a customer to  
8 one wholesaler versus the other?

9 A. (Escobar) I provide my services to  
10 the customer, depend where he is located and  
11 what is the best telephone service for his  
12 basic use.

13 If you going to tell me you live in  
14 Westport, that town, the majority calls you  
15 make, they are in Westport, that town, I  
16 would recommend the B system, because the A  
17 system is very bad in that area.

18 On the other hand, the customer  
19 come and say to me, I'm in the Fairfield area  
20 or the Greenwich area, I going to say the  
21 customer, the A system is the best for you.  
22 I try to give the best system for my  
23 customer.

24 Q. (Knickerbocker) So from the point  
25 of view of the end-use customer, there are

1 competitive differences between the two  
2 carriers?

3 A. (Escobar) ... two  
4 carriers are -- they have a lot of difference  
5 in the territory they cover, the area they  
6 cover, how fast they can correct any problems  
7 or the overload of the system.

8 Q. (Knickerbocker) And also according  
9 to Mr. Mizeski's testimony, from the point of  
10 view of the reseller, there are also  
11 competitive differences between the two  
12 carriers in such matters as equal access,  
13 refunds and things of that nature?

14 A. (Escobar) That's correct, yes.

15 MR. KNICKERBOCKER: Thank you.  
16 I have nothing further.

17 THE CHAIRMAN: Mr. Tyrrell.

18 MR. TYRRELL: Yes, I have just  
19 a couple of questions on recross, some of the  
20 other questions asked after I had my  
21 opportunity would deal further than I was  
22 able to cover on my cross.

23 THE CHAIRMAN: Okay. Mr.  
24 Ryan.

25 MR. TYRRELL: Just a couple of

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1 questions, that's all they are.

2 MR. RYAN: We have recross.  
3 We haven't had redirect yet.

4 THE CHAIRMAN: You want  
5 redirect before recross?

6 MR. RYAN: No, I don't want to  
7 ask any questions.

8 THE CHAIRMAN: There is no  
9 redirect, for the record. Continue.

10 BY MR. TYRRELL:

11 Q. (Tyrrell) Mr. Escobar, you had  
12 testified, Mr. Kriag was asking you questions  
13 about discussions and meetings you had with a  
14 group of people, I guess, Mr. Dammling, Mr.  
15 Lindblad, Mr. Bluemling, I take it from the  
16 types of discussions that you are referring  
17 to, it was in a time period from 1990 to  
18 1994; is that approximately correct?

19 A. (Escobar) No, before that, too,  
20 also.

21 Q. (Tyrrell) Okay. And with regard to  
22 the agreements that you were asked to sign or  
23 not sign, we're talking from 1990 to 1994?

24 A. (Escobar) From, I can say from 1989  
25 on.

1 Q. (Tyrrell) And during all that time  
2 you were represented by a law firm, were you  
3 not?

4 A. (Escobar) Not all the time.

5 Q. (Tyrrell) You were during the  
6 discussions about the agreements, though?

7 A. (Escobar) In some, I signed in the  
8 instance of the agreement, by myself.

9 Q. (Tyrrell) And was Mr. Ryan  
10 representing you for a number of years?

11 A. (Escobar) In some of those  
12 instances, yes.

13 THE CHAIRMAN: Anything  
14 further?

15 Thank you, Mr. Escobar, you  
16 are excused. We'll take a break till about  
17 20 till.

18 (Witness excused.)

19 THE CHAIRMAN: When we come  
20 back, I guess Mr. Bluemling, Mr. Brennan and  
21 Dr. Hausman are going to come forward. We  
22 are going to try and settle the matter on  
23 production of materials and then go into  
24 scheduling as well.

25 (Whereupon, a recess was taken

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## APPENDIX B

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<p>1 A. (Mizski) Obviously, yes.</p> <p>2 MR. ROSARIO: That's all I</p> <p>3 have.</p> <p>4 THE CHAIRMAN: Thank you, Mr.</p> <p>5 Rosario. Mr. Ryan any redirect.</p> <p>6 MR. RYAN: No redirect.</p> <p>7 THE CHAIRMAN: Then next is</p> <p>8 Mr. Escobar. Before he comes forward, let's</p> <p>9 take a break till 11:00 o'clock and come</p> <p>10 back.</p> <p>11 (Whereupon, the witness was</p> <p>12 excused and a recess was taken from 10:55</p> <p>13 o'clock a.m. until 11:10 o'clock a.m.)</p> <p>14 THE CHAIRMAN: Back on the</p> <p>15 record.</p> <p>16 Mr. Escobar, if you'll stand,</p> <p>17 I'll swear you in, please.</p> <p>18 Raise your right hand.</p> <p>19</p> <p>20 L U I S E S C O B A R,</p> <p>21 called as a witness, being first</p> <p>22 duly sworn by the Chairman, was</p> <p>23 examined, and testified on his oath</p> <p>24 as follows:</p> <p>25</p>	<p>1 THE CHAIRMAN: Mr. Ryan.</p> <p>2</p> <p>3 EXAMINATION</p> <p>4 BY MR. RYAN:</p> <p>5 Q. (Ryan) Mr. Escobar, would you tell</p> <p>6 the Commissioner what positions you hold with</p> <p>7 the various intervening parties in this</p> <p>8 proceeding?</p> <p>9 A. (Escobar) I am the president for</p> <p>10 Escotel Cellular, Becotel -- Becotel</p> <p>11 Telecommunications and The Phone Extension.</p> <p>12 Q. (Ryan) And how long have you been</p> <p>13 in the reselling business?</p> <p>14 A. (Escobar) I've been in the</p> <p>15 reselling business since 1985 for cellular.</p> <p>16 Q. (Ryan) And before that, did you</p> <p>17 hold other positions in the</p> <p>18 telecommunications business?</p> <p>19 A. (Escobar) Yes. I worked for MCI,</p> <p>20 ITT Long-Distance Telephone Service, and I</p> <p>21 was also agent and reseller for ITT</p> <p>22 Long-Distance Telephone Service and other</p> <p>23 long-distance telephone companies.</p> <p>24 Q. (Ryan) I have prefile testimony</p> <p>25 dated May 5th, 1994, that you filed in this</p>
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<p>1 docket, and I believe you indicated to me off</p> <p>2 the record that there was one change that you</p> <p>3 wanted to make or bring to the Commission's</p> <p>4 attention on page 2.</p> <p>5 A. (Escobar) Oh, yes. In Page 2,</p> <p>6 there is a typographical error. It should</p> <p>7 say "kill," not "fill."</p> <p>8 Q. (Ryan) Nine lines down in the first</p> <p>9 paragraph section entitled, "Cross</p> <p>10 Subsidization"?</p> <p>11 A. (Escobar) Yes.</p> <p>12 Q. (Ryan) Would you care to comment on</p> <p>13 the -- since we're on the issue of cross</p> <p>14 subsidization, would you care to comment how</p> <p>15 you as a reseller feel about this issue?</p> <p>16 A. (Escobar) For resellers, we are in</p> <p>17 very difficult situation to be able to</p> <p>18 compete when the carriers arm SNET area, Linx</p> <p>19 and Metro Mobile, Bell Atlantic, the retail</p> <p>20 arm, especially when Linx has been more</p> <p>21 difficult than any other carrier. They have</p> <p>22 preferred treatment, they have previous</p> <p>23 notice of every new cell site or any new</p> <p>24 project or new rates, and the reseller cannot</p> <p>25 compete this way because he realize those</p>	<p>1 programs are in place.</p> <p>2 Q. (Ryan) Well, specifically on the</p> <p>3 issue of the cross subsidization, which is,</p> <p>4 according to your testimony, the financial or</p> <p>5 other assistance that the parent corporation</p> <p>6 gives to its subsidiary, what problems does</p> <p>7 that present to you as a reseller?</p> <p>8 A. (Escobar) I want you to repeat the</p> <p>9 question again, Tom.</p> <p>10 Q. (Ryan) Okay. The cross</p> <p>11 subsidization issue is the issue of the</p> <p>12 parent corporation giving financial or other</p> <p>13 assistance to its subsidiary, in this case,</p> <p>14 SNET Mobility, which is the retail arm. How</p> <p>15 does that affect you as a reseller?</p> <p>16 A. (Escobar) Well, that affected the</p> <p>17 reseller very great because the reseller</p> <p>18 normally don't have the deep pockets like</p> <p>19 Mark Bluemling states to me, you want to be</p> <p>20 in this business, you have to have deep</p> <p>21 pockets, and obviously SNET had deep pockets</p> <p>22 and are able to supply all cash to Linx they</p> <p>23 need.</p> <p>24 Q. (Ryan) Referring to your prefile</p> <p>25 testimony, you state that the offices for</p>
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1 cannot support or finance the way that SNET  
2 the way that SNET is doing it.  
3 do they have to sell it?  
4 actually they are not selling it.  
5 First, these carriers are  
6 paying high commissions to the  
7 agents. And these agents are trying to  
8 reduce the equipment cost to acquire the  
9 subscribers.

10 Q. (Ryan) When you say, "below cost,"  
11 what do you mean by below cost?

12 A. (Escobar) Well, the most common  
13 telephone is a 200 dollar, we'll say maybe  
14 for 179 or in some instances, when dealers  
15 they sell it for as little as one dollar.  
16 believe, so these practices are encouraged by  
17 the carriers, and they affect the consumer  
18 and they affect the reseller and usually the  
19 consumer is the one being penalized because  
20 lot of those consumers who buy very cheap  
21 telephones or low-price telephones eventually  
22 cannot pay the telephone bills and then they  
23 get in financial straits and pay more what it  
24 should be expended.

25 Q. (Ryan) As a private reseller,

1 individual reseller, do you feel that you can  
2 participate in those type of programs?

3 A. (Escobar) Well, as a private reseller,  
4 I think that's a fair question. I think of  
5 the carriers, they are not selling it. They are  
6 selling it to the reseller. And the reseller is  
7 the one who is trying to sell it. And I think  
8 that approach has been going out of business.

9 Q. (Ryan) Let me touch on the area of  
10 denial of equal access that is in your  
11 profile testimony. I believe Mr. Mizeski  
12 testified that your Bell Atlantic customers  
13 are able to use other long-distance carriers  
14 other than SNET America?

15 A. (Escobar) Well, Bell Atlantic we  
16 can choose our own carrier. When SNET  
17 Cellular was active, SNET Cellular or  
18 Springfield, they choose to have only one  
19 carrier, so they cannot sign.

20 Not too long ago they switched to a  
21 long-distance telephone service of their own  
22 division. We as a reseller have the  
23 opportunity to deal with all carriers  
24 for lower rates for long-distance telephone  
25 service, but SNET prohibit that to us we no

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1 able to do.

2 We also, if we provide this service  
3 to the consumer, will be able to give better  
4 rates than the rates we pay to SNET right  
5 now.

6 Q. (Ryan) How are you able to do that?

7 A. (Escobar) Well, most long-distance  
8 telephone carriers provide services in bulk  
9 also and Bell has in six-second increment.  
10 We could perfectly charge the consumers in  
11 six-second increment also and pass those  
12 discounts to the consumers, too.

13 Q. (Ryan) Some of your opening  
14 statements, you touched on the issue of  
15 preferential treatment for the carrier  
16 in-house retail companies or divisions.  
17 Would you like to elaborate on that at all?

18 A. (Escobar) Well, yes. Like in SNET  
19 Cellular, Linx have more preferential treatment  
20 than any other seller. They have their own  
21 billing system, who share with SNET Cellular  
22 and SNET Mobility and SNET Linx. They are  
23 able to activate and deactivate numbers  
24 quickly and faster and our — with the  
25 resellers we cannot do that.

1 Q. (Ryan) Have there been instances  
2 when the SNET Mobility retail offices have  
3 been able to activate numbers over the  
4 weekends and you were not made aware of that?

5 A. (Escobar) Several incidents have  
6 been happened where the Linx people are  
7 opened Saturday and activating number and the  
8 reseller was not notified we could do that  
9 Saturday.

10 Q. (Ryan) When I say activated I also  
11 include change numbers.

12 A. (Escobar) Change and activated.

13 Q. (Ryan) And deactivated, yes.

14 Are there some promotional programs  
15 that are offered by SNET Mobility that are  
16 not available to you?

17 A. (Escobar) Yes. We talking more  
18 specific, probably like American Airlines  
19 mileage. In particular, when I heard the  
20 person in that program call American Airlines  
21 and American Airlines say, well, we only deal  
22 with the carrier. I bring the attention to  
23 American Airlines the Linx is not the  
24 carrier, he is the reseller and the American  
25 Airlines person mentioned, well, that's what

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1 Q. (Ryan) And what time does that  
2 start to run?

3 A. (Escobar) It's supposed to be 30  
4 days after.

5 Q. (Ryan) After what, the bill is  
6 presented or the call is made?

7 A. (Escobar) The bills are presented.

8 Q. (Ryan) Is it your opinion that  
9 Springfield charges interest on top of  
10 interest?

11 A. (Escobar) Yes. Several accountants  
12 who had been look at my bills, they have  
13 confirmed we pay interests on top of  
14 interests.

15 Q. (Ryan) Is there, to the best of  
16 your knowledge, any provisions in the tariff  
17 that allows them to do that?

18 A. (Escobar) I don't recall ever  
19 seeing a tariff that they allowed to charge  
20 interest on top of interest.

21 Q. (Ryan) Do you remember ever signing  
22 any agreement that would allow the  
23 calculation of interest to be done in that  
24 manner?

25 A. (Escobar) No, I don't remember.

1 Q. (Ryan) Just to clarify some  
2 testimony that Mr. Mizeski gave, he was  
3 basically talking in terms of receiving  
4 credit for dropped calls or overlapped calls.  
5 You have received credit for fraud calls?

6 A. (Escobar) I received some credits  
7 for some fraud calls, yes.

8 Q. (Ryan) And these are calls that are  
9 made or appear on your magnetic tapes as if  
10 they were made by one of your customers, but  
11 were apparently made by cloning an ES number  
12 and a mobile telephone number?

13 A. (Escobar) Yes. The problem we have  
14 with that is that never credit to us or has  
15 not been credit to me, the calls for my  
16 current or past billing. They choose to have  
17 only credit that to my own previous account,  
18 and up to today, I never see a policy for  
19 fraud calls. They had promised me that  
20 policy for the last two years and so far  
21 never come with that policy.

22 Q. (Ryan) Have some of the -- excuse  
23 me, some of the fraud calls been as high as  
24 30,000 dollars in a month?

25 A. (Escobar) Yes, in some instances

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1 have to be more than 30,000 dollars per  
2 month.

3 Q. (Ryan) You state in your -- the  
4 beginning of your prefiled testimony that at  
5 least two of your companies have had  
6 financial difficulties recently. Do you care  
7 to comment on that?

8 A. (Escobar) Well, I know --

9 MR. TYRRELL: Objection, your  
10 Honor. I think if we're getting into  
11 proceedings in other courts, I think it's  
12 somewhat beyond the scope of this docket.

13 THE CHAIRMAN: Wait a minute,  
14 Mr. Tyrrell, you're the one that brought up  
15 the bankruptcy.

16 MR. TYRRELL: I didn't file  
17 it. I believe it was in his direct  
18 testimony.

19 THE CHAIRMAN: No, you brought  
20 it up first when Mr. Ryan appeared and you  
21 questioned about the bankruptcy.

22 MR. TYRRELL: Yes, early  
23 today.

24 THE CHAIRMAN: It's overruled.  
25 MR. TYRRELL: Okay.

1 A. (Escobar) I have to make a very  
2 difficult decision not too long ago about  
3 file bankruptcy for two of my companies  
4 because actually I was forced by Southern New  
5 England Telephone Company, not because I want  
6 to. The credit practice is enough or I can  
7 make no money to survive, either with 7  
8 or 500 employees I can be in business, make  
9 revenue.

10 They've overcharged me for  
11 telephone calls, dropped calls on credits I  
12 give to my customers, improperly billing,  
13 they charge me very high interest rate to  
14 about 120,000 dollar per year. They force me  
15 to take this measure, something I never  
16 wanted, and SNET had been taking the position  
17 now they want to put me totally out of  
18 business by using this bankruptcy court.

19 Probably SNET is more upset with me  
20 because I'm the one that been talking more  
21 about problems we have, how the consumer been  
22 overpaying for services all -- I talking  
23 about all the consumers of Connecticut who  
24 this is my concern. Every time when I bring  
25 some of these issues to Southern New England

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1 now. That way they can continue have the  
2 monopoly in the wireless industry. They are  
3 going to lose land-line telephone customers  
4 and they are afraid to that, that other  
5 customers come to this area, because they  
6 want to continue the monopoly. SNET has been  
7 demonstrate by creating a small divisions,  
8 not regulate companies, they can get away  
9 with anything and that's my concern. I no  
10 think we should allow to SNET or the  
11 Commission allow anymore SNET to have  
12 unregulate division this way, they can get  
13 away and continue to have monopoly.

14 I surprise also last year SNET  
15 applied for 158 million dollars rate increase  
16 for the land-line area and are expected to  
17 get between 30 and 40 million dollars. They  
18 never told the public utilities how much  
19 money they lost in the paging business and  
20 one of the financial statements for Southern  
21 New England corporation they show about 200  
22 million dollars losses in paging alone, and  
23 they never told the public utilities how much  
24 they been subsidizing the cellular telephone  
25 business. And I no think it's fair to the

1 long-line consumers paying for bills the  
2 cellular network, and I'm concerned now with  
3 the new announcement is SNRT invest 4.5  
4 billion dollar in new network. Who is really  
5 going to pay for that? I think it's the  
6 consumer is going to pay for that, not SNRT,  
7 because they do have the money a year ago.  
8 This was asking for 158 million dollars.

Also, I like to recommend the Commissioner to regulate also the retail arm from the cellular carriers. I believe they can eliminate a lot of unfair practices this way. I believe most of the resellers that want to be serious in this business, they should be regulated too, and this protect the consumer and protect the fair competition.

17 Right now SNET Linux offers rate  
18 plan for 14.95 and 75 cents a minute, but  
19 they been target the general consumer now,  
20 but they never tell the general consumer  
21 hey, is 75 cents a minute per telephone call.  
22 These people only find after they make the  
23 first or second telephone bill that they been  
24 paid too much for that telephone service.

25 I believe that's the kind of

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1 misrepresentation for the general consumer.  
2 It's only 200,000 customers right now in  
3 Connecticut. I believe so about maybe 25 to  
4 50,000 subscribers, they have the telephones  
5 in the closet or they never use it because  
6 they cost for the telephone service or they  
7 use the phone one time and costs too much  
8 money because then it was totally informal.  
9 They were attracted by lower rate plan.

10 It's very interesting to see that  
11 Mr. Bluemling say there are 14 resellers  
12 today and he encourage the resellers, but he  
13 never say all these resellers, they have  
14 difficult time to grow. If we look the  
15 response they give to us, I believe it's  
16 in -- excuse me.

17 (Pause.)

18 A. (Escobar) It's an answer to  
19 question TE-05, if anybody look that chart  
20 right there, in 1987, we have seven  
21 resellers, and from that point on you keep  
22 looking across the line, not any of the  
23 resellers really can grow.

24 The only reseller who grow  
25 substantial in customer base was in 1991, is

1 the reseller who acquired three oil companies  
2 who decide to get out of the business because  
3 they cannot make money in this state. The  
4 other resellers, they stayed almost the same  
5 or going backwards.

6 Today we have 14 resellers, in  
7 1987, we have seven resellers, and the  
8 resellers, we only have very little market  
9 share at this point versus in 1987 our market  
10 share was higher.

11 That indicate to me that I not the  
12 only one that have the problem. All the  
13 resellers, we have a problem. Either the  
14 large reseller, not too long ago they owe  
15 millions of dollars to Southern New England  
16 Telephone Company and SNET put down more than  
17 50 percent of that. But I guess was by  
18 signing confidentiality agreement and no  
19 disclosure and they cannot bring the issues  
20 right here. We need to discuss how to  
21 continue this investigation.

22 I have refused to sign the  
23 confidentiality agreement, that's why SNET  
24 punished me. My intention is not to ever  
25 sign as long as I know the consumer is being

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1 THE CHAIRMAN: Yes. For my  
2 information, do you think we can address the  
3 issues of the documentation in an open  
4 session or would a discussion of the  
5 documentation, per se, necessitate a closed  
6 session? Because I'd like to do the  
7 discussion of scheduling open.

8 MR. KNICKERBOCKER: It could  
9 be open, most likely.

10 MS. SPENCER: Without  
11 reference to numbers.

12 THE CHAIRMAN: As long as we  
13 stay away from the exact numbers.

14 MS. KIDDOO: We can discuss  
15 what the procedures are for having developed  
16 the numbers and what Mr. Brennan did or did  
17 not have in his files or did or did not do  
18 without talking about the numbers.

19 THE CHAIRMAN: Okay. I just  
20 want to know when we'll go closed and I'd  
21 like to keep that discussion open.

22 MR. RYAN: I'd like to address  
23 Mr. Tyrrell's objection to my participating  
24 in this morning's activity. During the  
25 break, I phoned Attorney Ressler, who is, as

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1 I indicated, handling the bankruptcy matter  
2 for us, and he was not sure whether the  
3 official affidavit form had been filed with  
4 the court; however, he did point out that  
5 there is no prohibition about representing a  
6 client in court or in this type of  
7 proceeding. The question is whether or not  
8 the bankruptcy court would approve of my fee,  
9 and that happens to be bad news for me.

10 THE CHAIRMAN: So essentially  
11 you are here at your risk.

12 MR. RYAN: What I'd also like  
13 to point out, Commissioner, while I was  
14 talking with Mr. Ressler, he happened to be  
15 on the phone with Attorney William Fish of  
16 Tyler, Cooper, handling the bankruptcy for  
17 Springwichee who informed Mr. Ressler that he  
18 informed Mr. Tyrrell the very same rule  
19 yesterday during a telephone conversation, so  
20 why Mr. Tyrrell proceeded with his motion and  
21 objection to my representation today, I'll  
22 leave to the Commissioner's evaluation.

23 THE CHAIRMAN: Thank you, Mr.  
24 Ryan. Any other administrative items before  
25 we start the cross? Okay, then we'll start

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1 in order. Staff has nothing, I understand.

2 MR. PESCOLIDIO: That's  
3 correct.

4 THE CHAIRMAN: Mr. Tyrrell.

5 MR. TYRRELL: Yes, sir.

6 EXAMINATION

7 BY MR. TYRRELL:

8 Q. (Tyrrell) Mr. Escobar, I believe in  
9 your direct testimony, you testified that you  
10 had some discussions with a Charlie  
11 Dammling; do you recall that?

12 A. (Escobar) Yes.

13 Q. (Tyrrell) And I believe you  
14 testified that it was with regard to you  
15 becoming a new reseller for Springwichee; is  
16 that correct?

17 A. (Escobar) For SNET cellular.

18 Q. (Tyrrell) Okay. And would the year  
19 1990 be approximately correct?

20 A. (Escobar) I can say in 1989.

21 Q. (Tyrrell) And is it also true that  
22 Mr. Dammling became associated with Linx or  
23 SNET Mobility in 1994?

24 A. (Escobar) I don't know when he

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1 start, but I know he been when Linx start.

2 Q. (Tyrrell) In 1994?

3 A. (Escobar) I don't know when he  
4 start.

5 Q. (Tyrrell) And in the interim, he  
6 was with SNET Paging?

7 A. (Escobar) He was in some capacity  
8 with SNET Paging, yes.

9 Q. (Tyrrell) I believe you testified  
10 also in your direct that Linx sells one of  
11 its service plans for 14.95?

12 A. (Escobar) Yes.

13 Q. (Tyrrell) And that, if I recall  
14 your testimony correctly, didn't tell the  
15 public about the per-minute charge of 75  
16 cents a minute?

17 A. (Escobar) I no say they don't tell  
18 the public they charge 75 cents, that going  
19 to be more critical to the consumer who they  
20 don't know nothing about cellular.

21 Q. (Tyrrell) Okay. Then I'm confused.  
22 Was it your testimony or is it your testimony  
23 now that they told or didn't tell the public  
24 about the 75 cents a minute charge?

25 A. (Escobar) What I try to say is,